

FISCAL NOTE

HB 131

January 31, 1997

SUMMARY OF BILL: Increases the Jobs Tax Credit against the Franchise Tax from \$2,000 per net new job to \$2,500 per net new job created. This bill affects only the six-month period from July 1, 1997 to Dec. 31, 1997, since that is when the credit expires.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$150,000

This estimate assumes:

1. 5,000 net new jobs created (10,000 net new jobs created per year since credit's inception);
2. 5,000 new jobs x \$500 increase in credit = \$2,500,000 credits generated; and
3. \$2,500,000 credits spread over 15 years = \$166,667 additional credits claimed per year.

The estimate assumes that the level of net new investment due to the \$500 increase will not be large enough to generate an increase in franchise tax liability sufficient to allow credits to be claimed all in one year. It takes approximately \$1,000,000 in investments to create an increase in franchise tax liability of \$2,500.

The increase in the amount of the credit authorized by this bill is not estimated to cause a significant increase in the number of credits established due to the 6 month window for establishing such credits. Therefore, the number of new jobs created during this 6 month period is not estimated to increase significantly over the number that would have been created with the \$2,000 credit.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial "J".

James A. Davenport, Executive Director